



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
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DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE B. BURKE
Second District

ZEV YAROSLAVSKY
Third District

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MICHAEL D. ANTONOVICH
Fifth District

December 12, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVE AND ORDER PUBLICATION OF NOTICE OF INTENTION TO PURCHASE
REAL PROPERTY - 1945 PALMER COURT, LONG BEACH
APPROVE APPROPRIATION ADJUSTMENT TO ESTABLISH C.P. NO. 69576
(FOURTH DISTRICT) (3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the acquisition of the subject real property is categorically exempt from the California Environmental Quality Act (CEQA).
2. Approve the attached Notice of Intention to purchase real property improved as a surface parking lot comprised of three parcels and containing a total of approximately 13,500 square feet located at 1945 Palmer Court in Long Beach, for the purchase price of \$722,000.
3. Instruct the Executive Officer of the Board to cause publication of the attached Notice of Intention in accordance with Section 25350 of the Government Code.

**IT IS FURTHER RECOMMENDED THAT, AT THE TIME OF CONSUMMATION,
YOUR BOARD:**

4. Order the purchase consummated in accordance with Section 25350 of the Government Code.
5. Approve and instruct the Chairman to sign triplicate original copies of the attached Agreement of Purchase and Sale of Real Property with the seller, SMLC LLC, to acquire the subject property.

6. Approve an appropriation adjustment to establish Capital Project No. 69576 through the transfer of \$728,000 from the Asset Development Implementation Fund (ADIF) to fund the purchase of the subject property.
7. Authorize the Chief Administrative Office (CAO) to open and manage escrow and execute any required documentation necessary to complete the transfer of title to the County of Los Angeles (County) and to accept the deed conveying title to the County.
8. Authorize the Auditor-Controller to issue warrants as directed by the CAO for the purchase price and any other related transactional costs, which are estimated not to exceed \$6,000 in the aggregate.
9. Request the Assessor to remove the subject real property from the tax roll effective upon the transfer of title.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The purpose of the recommended action is to acquire title to a surface parking lot which is currently used to supplement parking for staff and visitors of the adjacent Long Beach Mental Health Center (LBMHC) located at 1975 Long Beach Boulevard. The subject parking lot is comprised of three parcels (identified as Assessor's Parcel Numbers 7209-014-012, 7209-014-016 and 7209-014-018) and contains a total of approximately 13,500 square feet.

The proposed acquisition would enable the County to prevent the potential loss of this much utilized parking lot because the current lease contains a 60-day cancellation provision and the owner wants to put the property up for sale. The parking lot property is located within an area zoned for residential use and development. Recent interest and activity in the area indicates a great probability that potential buyers would be acquiring this property for development purposes. Consequently, there is no certainty that a new owner would continue to lease or provide future use of the subject parking lot to the County.

The Department of Mental Health (DMH) has occupied the leased LBMHC facility and subject parking lot since 1993 and both leases were renewed in 2004. The LBMHC facility includes on-site parking for 76 vehicles and the subject parking lot provides an additional 44 parking spaces.

Approval of the proposed acquisition would secure sufficient parking accommodations to meet the long-term needs of staff and visitors of the LBMHC to coincide with the facility lease which expires in 2014 (or 2019 should the County exercise an option to extend the term).

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The Countywide Strategic Plan directs that we invest in public infrastructure in order to strengthen the County's fiscal capacity (Goal 4). In this case the acquisition of an asset will strengthen the County's fiscal capacity while also helping to meet County workforce long-term operational needs is consistent with that Goal.

FISCAL IMPACT/FINANCING

The negotiated fair market purchase price of \$722,000 is supported by an internal appraisal conducted by CAO-Real Estate Division staff. All other costs associated with the consummation of this transaction shall be equally shared between the County and Seller except for any unpaid taxes, which are to be paid by Seller.

Approval of the recommended actions will establish Capital Project No. 69576 and transfer \$728,000 from the ADIF to fund the purchase price and associated transactional costs.

Currently DMH is incurring monthly lease payments in the amount of \$2,728 (\$62 per space per month) or \$32,736 annually. Should the proposed transaction be approved, DMH would reimburse ADIF in accordance with a repayment plan based on a combination of funds that include avoided Rent Expense lease payments and other sources available within its operating budget. The repayment plan would include interest based on the Treasurer & Tax Collector's pool rate.

DMH's reimbursement payments to ADIF for the total amount of \$728,000 would be made over the remaining term of the LBMHC facility, which terminates in July 2014. Assuming an interest rate of five percent over the approximately eight year repayment term, the scheduled monthly payment would be \$9,216.42 or \$110,597.04 annually.

Should the County exercise a lease option to extend the term of the LBMHC facility, the payments would be extended over a twelve year period until July 2019. The scheduled monthly payment would be \$6,733.20 or \$80,798.40 annually.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The LBMHC conducts three major programs (the Adult Program, Child Program and Asian-Pacific Program) which provide adolescent and adult behavioral healthcare services to low-income or uninsured individuals who are temporarily impaired or in situational crisis. The LBMHC is staffed by approximately 129 full-time employees and serves about 4,000 visitors on a monthly basis from the greater Long Beach area.

The County has leased the subject parking lot since 1993 to alleviate overflow parking from the LBMHC into the surrounding residential area. With no other public parking lots within close proximity to the LBMHC, the County sought to supplement the 76 on-site parking spaces provided with 44 additional parking spaces from the subject parking lot to accommodate the operational needs of LBMHC staff and visitors who access the facility.

A new ten-year lease for the LBMHC facility was entered into by the County and became effective on July 1, 2004. Thereafter, the County also entered into a new three-year lease agreement (effective September 1, 2004) for the subject parking lot at an annual rental cost of \$32,736.

SMLC LLC has decided to sell the subject parking lot and there is concern that given the 60-day cancellation provision contained in the current lease, the subject parking lot could be lost for current or future use. SMLC LLC has given the County the first opportunity to acquire the subject parking lot before actively marketing it for sale.

Pursuant to Government Code Section 65402, notification of the County's intent to purchase the subject property was provided to the City of Long Beach (City). The City indicates that it has no objection to the acquisition.

A preliminary title report has been issued and reveals no claims or encumbrances which would significantly affect or impair the subject property's title. The Department of Public Works has conducted a Phase I environmental site assessment and determined that no further investigations of the surface and subsurface conditions are warranted.

County Counsel has reviewed the Notice of Intention and Agreement of Purchase and Sale of Real Property in connection with this transaction and has approved them as to form. DMH has reviewed and concurs with the recommended action.

ENVIRONMENTAL DOCUMENTATION

The proposed project is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board on November 17, 1987 and Section 15301 of the State CEQA guidelines.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed actions will have no impact on any current County services or any other planned or approved project.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return executed duplicate originals of the Purchase and Sale Agreement, the executed Notice of Intention, two certified copies of the Minute Order, and the adopted, stamped Board letter to the CAO Real Estate Division at 222 South Hill Street, 3rd Floor, Los Angeles, CA 90012 for further processing. Additionally, please forward a copy of the adopted, stamped Board letter to the Department of Mental Health, Executive Offices, 550 South Vermont Avenue, Los Angeles, CA 90020.

Respectfully submitted,



DAVID E. JANSSEN
Chief Administrative Officer

DEJ:WLD
CB:RL:dd

Attachments (2)

c: County Counsel
Auditor-Controller
Assessor
Department of Mental Health

LIST OF ATTACHMENTS

1. NOTICE OF INTENTION
2. AGREEMENT OF PURCHASE AND SALE OF REAL PROPERTY

**NOTICE OF INTENTION
TO PURCHASE REAL PROPERTY**

NOTICE IS HEREBY GIVEN that it is the intention of the Board of Supervisors of the County of Los Angeles, State of California to purchase 13,500 square feet of real property improved as a surface parking lot, comprised of three parcels (identified as Assessor's Parcel Numbers 7209-014-012, 7209-014-016 and 7209-014-018) located at 1945 Palmer Court, Long Beach, County of Los Angeles, State of California, as legally described on the attached Exhibit A, for the sum of Seven Hundred Twenty-Two Thousand Dollars (\$722,000) from the fee simple owner, SMLC LLC.

NOTICE IS HEREBY GIVEN that the purchase of real property will be consummated by the Board of Supervisors of the County of Los Angeles, State of California, on the ____ day of _____, 2007, at 9:30 a.m. in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012. No obligation will arise against the County and in favor of the Seller with respect to the purchase of the property described herein until the Board of Supervisors approves the purchase on the named consummation date.

SACHI A. HAMAI, Executive Officer
Board of Supervisors, County of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel


By 
Amy M. Caves, Deputy

EXHIBIT A

LEGAL DESCRIPTION

THE EASTERLY 100 FEET OF LOT 9, THE EASTERLY 100 FEET OF LOT 11, AND THE EASTERLY 100 FEET OF LOT 13 IN BLOCK "C" OF THE CLAGUE TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 6, PAGE 73 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

END OF LEGAL DESCRIPTION

AGREEMENT OF PURCHASE AND SALE OF REAL PROPERTY

THIS AGREEMENT FOR PURCHASE AND SALE OF REAL PROPERTY ("Agreement"), is made and entered into as of this ____ day of _____, 2006, by and between SMLC LLC, a California limited liability company, ("Seller") and the COUNTY OF LOS ANGELES ("Buyer").

RECITALS

- A. Seller is the owner of certain real property located at 1945 Palmer Court, Long Beach, County of Los Angeles, State of California, comprising three parcels identified as Assessor's Parcel Numbers 7209-014-012, 7209-014-016 and 7209-014-018, respectively, and legally described in Exhibit "A" attached hereto and incorporated herein by this reference (the "Property").
- B. The Property consists of approximately 13,500 square feet of land improved with a parking lot.
- C. Buyer is currently leasing the Property from Seller; the Property is used by Buyer to provide supplemental parking for employees and patients of the County Mental Health clinic located at 1975 Long Beach Boulevard, Long Beach; and the Buyer is seeking to acquire the Property from Seller for continued use for this purpose.
- D. Buyer desires to purchase the Property from Seller, and Seller is willing to sell the property to Buyer on the terms and conditions set forth in this Agreement.

AGREEMENT

The terms and conditions of this Agreement are as follows:

- 1. Purchase and Sale. Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, the Property upon the terms and conditions herein set forth.
- 2. Purchase Price. The "Purchase Price" for the Property shall be Seven Hundred Twenty-Two Thousand and 00/100 Dollars (\$722,000). Seller agrees that this amount encompasses payment and compensation for any and all claims connected with the acquisition of the Property by the Buyer. Accordingly, Seller hereby waives and releases Buyer from any and all claims for further compensation, expenses and/or damages, arising from or connected with the Buyer's acquisition of the Property, including without limitation, claims for compensation for real estate, improvements pertaining to the realty, fixtures and equipment, loss of business goodwill, benefits under the relocation assistance program, loss and/or damage to personal property and inventory, moving and/or relocation costs, damages to any business interest, and any other costs and/or expenses related directly or indirectly to the acquisition of the Property by the Buyer. Notwithstanding anything herein or otherwise, Seller does not waive nor release Buyer from any claims, liabilities, or damages relating to or arising from Buyer's occupancy, use, and possession of the Property under its current lease agreement, dated September 1, 2004, with Seller (the "Current Lease") or Buyer's investigation of the Property pursuant to this Agreement.

3. Payment of Purchase Price. Buyer shall pay the Purchase Price for the Property by delivering such Purchase Price into Escrow (as defined in Section 7) in immediately available funds prior to the Closing (as defined in Section 9), and as provided for in this Agreement.
4. Form of Grant Deed. Fee simple absolute title to the Property shall be conveyed by Seller to Buyer as described in and by grant deed in the form attached hereto as Exhibit "C" ("Grant Deed"), duly executed and acknowledged by Seller, subject only to matters of record approved in writing by the Buyer pursuant to paragraph 5.02, below.
5. Contingencies. Completion of the transaction contemplated by this Agreement is contingent upon the following ("Contingencies"):
 - 5.01 Approval of Purchase and Sale. The Buyer's Board of Supervisors approving the purchase and sale of the Property.
 - 5.02 Condition of Title to Transfer Property. Seller shall cause the conveyance of title to the Property to the Buyer as evidenced by a C.L.T.A. Standard Policy of Title Insurance ("Title Policy") issued by Chicago Title Company (the "Title Company") insuring good and marketable title to the Property in Buyer in an amount equal to the value of the Purchase Price and subject only to matters approved in writing by Buyer ("Approved Exceptions"). Buyer may, at its own cost, obtain extended title insurance coverage. The Title Policy shall show as exceptions only the Approved Exceptions. Attached hereto as Exhibit B is preliminary title report number 51027093-x52, dated August 12, 2005, issued by Title Company (the "Title Report"). Buyer hereby approves the exceptions to title shown on Schedule B of the Title Report. Such exceptions and Title Company's standard printed exceptions shall be deemed to be the Approved Exceptions.
6. Non-Satisfaction of Contingencies. Upon non-satisfaction of any one of the above Contingencies, Buyer may either allow Seller a thirty (30) day opportunity to cure or terminate the transaction by notice to Seller of such termination. By mutual written agreement the parties may extend the period within which Seller is required to cure a non-satisfaction. If the Agreement is terminated as set forth herein, neither of the parties thereafter shall have any liability to the other except as expressly provided for in this Agreement.
7. Escrow.
 - 7.01 Opening of Escrow. Within ten (10) days after the execution of this Agreement by all parties, which execution shall occur no later than February 2, 2007, the parties shall open an escrow (the "Escrow") with Chicago Title Company, 700 South Flower Street, Suite 800, Los Angeles, California 90017, Attention: Cheryl A. Yanez, (the "Escrow Holder") selected by Seller and Buyer for the purpose of consummating the purchase and sale of the Property. The parties shall execute and deliver to Escrow Holder, within five (5) business days of receipt, such escrow instructions prepared by Escrow



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Escrow Holder as may be required to consummate the transaction contemplated by this Agreement. Any such instructions shall not conflict with, amend, or supersede any provisions of this Agreement. If there is any inconsistency between such instructions and this Agreement, this Agreement shall control unless the parties expressly agree, in writing, otherwise.

7.02 Escrow Authorization. Escrow Holder is authorized to:


- 7.02.01 Pay, and charge Seller, for any delinquent taxes, and penalties and interest thereon, and for any delinquent assessments or bonds against the Property,
- 7.02.02 Buyer shall be responsible for title insurance costs, documentary transfer tax, and recording fees;
- 7.02.03 Pay, and charge both Buyer and Seller for one-half the amount of all escrow fees;
- 7.02.04 Prorate all real property taxes, if any, which are a lien and/or unpaid as of the close of Escrow according to the formula adopted by the Los Angeles County Assessor's Office and deduct Seller's portion from Seller's proceeds. The tax amount withheld will be made payable to the County Auditor-Controller's Office following the Closing. Any taxes which have been prepaid by Seller shall not be prorated, but Seller shall have the sole right, after Closing, to apply to the Los Angeles County Treasurer for refund of the taxes attributable to the period after acquisition pursuant to the Revenue and Taxation Code Section 5096.7;
- 7.02.05 When conditions of Escrow have been fulfilled by Buyer and Seller: (1) record documents of conveyance; (2) disburse the Purchase Price to Seller, less prorations and Seller's expenses; (3) deliver to Buyer and Seller copies of the Escrow closing statements; and (4) deliver to Buyer and Seller any items or documents given to Escrow Holder to hold for Buyer and/or Seller.

8. Conditions to Closing.

- 8.01 Buyer's Conditions. Buyer's obligation to consummate the transaction contemplated by this Agreement is conditioned upon: (i) Seller's delivery of the Grant Deed to Escrow Holder and the recordation thereof in the Official Records of Los Angeles County ("Official Records"); (ii) Seller's representations, warranties and covenants shall be true and correct as of Closing; and (iii) Title Company's irrevocable commitment to issue the Title Policy. Upon non-satisfaction of any one of the above conditions, Buyer may either allow Seller an opportunity to cure or terminate the transaction by written notice to

Seller of such termination. If this transaction is terminated as set forth herein, neither of the parties thereafter shall have any liability to the other except as expressly provided for in this Agreement. If Buyer does not object to Seller's non-satisfaction of said conditions, they shall be deemed satisfied as of the Closing.

- 8.02 Seller's Conditions. Seller's obligation to consummate the transaction contemplated by this Agreement is conditioned upon: (i) Buyer's deposit of the Purchase Price into Escrow no later than ten (10) business days after the opening of Escrow; (ii) that the Closing shall occur as set forth in Section 9, and (iii) the Board of Supervisors' adoption, no later than December 19, 2006, of a Notice of Intent to Acquire the Property, and approval of the purchase and sale contemplated hereby no later than January 23, 2007. After non-satisfaction by Buyer of one of the above conditions Seller may either waive the time limitation set forth therein or terminate the transaction by written notice to Buyer of such termination. If this transaction is terminated as set forth herein, neither of the parties thereafter shall have any liability to the other except as expressly provided for in this Agreement. If Seller does not object to Buyer's non-satisfaction of said conditions, they shall be deemed satisfied as of the Closing.



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9. Closing. For the purposes of this Agreement, the "Closing" or "Closing Date" shall be defined as the date on which the recordation of the Grant Deed in the Official Records occurs. The Closing shall occur no later than February 28, 2007. If the Closing does not occur by said date, neither of the parties thereafter shall have any liability to the other except as expressly provided for in this Agreement.



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10. Possession. Buyer shall be entitled to the exclusive right of occupancy to the Property as of the Closing Date. On or before the Closing Date, Seller shall provide keys or other means to operate all locks and alarms on the Property. Any personal property remaining after the vacation of the Property by Seller will be deemed abandoned.
11. Loss by Fire or Other Casualty. Seller shall maintain fire and casualty insurance on the Property in full force until the Closing Date. In the event that, prior to Closing, the Property or any part thereof, is destroyed or damaged, and the cost of repair or cure is \$10,000 or less, as reasonably determined by Seller, Seller shall repair or cure the loss to the reasonable satisfaction of Buyer prior to Closing. If the cost of repair or cure is more than \$10,000, Buyer shall have the right, exercisable by giving notice of such decision to Seller within fifteen (15) days after receiving written notice of such damage or destruction, to terminate this Agreement. If Buyer elects to move forward with the sales transaction, said sales transaction shall close and any proceeds of insurance paid or payable to Seller by reason of such damage or destruction shall be paid or assigned to Buyer.
12. Maintenance of the Property. Between the Seller's execution of this Agreement and the Closing, Seller shall maintain the Property as presently maintained.

13. Notices. All notices or other communications required or permitted hereunder shall be in writing, and shall be personally delivered or sent by registered or certified mail, postage prepaid, return receipt requested or by Express Mail or Federal Express to the following address:

To Buyer: County of Los Angeles
Chief Administrative Office, Real Estate Division
222 South Hill Street, 3rd Floor
Los Angeles, California 90012
Attention: Carlos Brea
Phone: (213) 974-4200 - Fax: (213) 217-4968

With a Copy to:

Office of County Counsel
Room 648 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012
Attention: Amy M. Caves

To Seller:

SMLC, LLC
c/o Jan Henderson
25251 Paseo De Alicia, Suite 200
Laguna Hills, California 92653
Attn: Mitchell Henderson
Phone: (949) 939-2167

SMLC, LLC
Mr. William D. McCullough
5900 East Bayshore Walk
Long Beach, California 90803
Phone: (562) 761-4455

With a Copy to:

Law Offices of Cameron, Pearlson & Foster
Mr. Timothy C. Cameron
One World Trade Center, Suite 1600
Long Beach, California 90831-1600

Notice shall be deemed given on the day delivered by a carrier as specified above. Notice of change of address shall be given by written notice in the manner detailed in this Section.

14. Brokers. Seller represents and warrants to Buyer and Buyer represents and warrants to Seller that no broker or finder has been engaged by it in connection with the transaction contemplated by this Agreement. In the event of any claims for brokers' or finders' fees or commissions in connection with the negotiation, execution or consummation of this Agreement, Buyer shall indemnify, hold harmless and defend Seller, from and against such claims if they are based upon or are alleged to be based upon any statement, representation or agreement by Buyer, and Seller shall indemnify, hold harmless and defend Buyer from and against such claims if they are based upon or are alleged to be based upon any statement, representation or agreement by Seller.
15. Seller's Representations and Warranties. In consideration of Buyer entering into this Agreement and as an inducement to Buyer to purchase the Property, Seller makes the following representations and warranties, each of which is material and is being relied upon by Buyer and the truth and accuracy of which shall constitute a condition precedent to Buyer's obligations hereunder. Each of the following representations and warranties shall be deemed to have been remade as of the Closing.
- 15.01 Power. Seller has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.
- 15.02 Requisite Action. All requisite action has been taken by Seller in connection with entering into this Agreement and the instruments referenced herein, and, by the Closing, all such necessary action will have been taken to authorize the consummation of this transaction. By the Closing, no additional consent of any person or entity, judicial or administrative body, governmental authority or other party shall be required for Seller to consummate this transaction.
- 15.03 Individual Authority. The individuals executing this Agreement and the instruments referenced herein on behalf of Seller have the legal power, right and actual authority to bind Seller to the terms and conditions hereof and thereof.
- 15.04 Validity. This Agreement and all documents required hereby to be executed by Seller are and shall be valid, legally binding obligations of and enforceable against Seller in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the right of contracting parties generally.
- 15.05 Violations. Seller has no present actual knowledge of any outstanding and uncured, written notice or citation from applicable governmental authorities of violation of any applicable codes, environmental zoning and land use laws, subdivision laws, and other applicable federal, state and local laws, regulations and ordinances, including, but not limited to, those relating to environmental conditions, hazardous materials or wastes, toxic materials or wastes or other similar materials or wastes regarding the Property.

- 15.06 Litigation. Seller has no present actual knowledge of any litigation pending or threatened against Seller on any basis therefor that arises out of the ownership of the Property or that might detrimentally affect the Property or adversely affect the ability of Seller to perform its obligations under this Agreement.
- 15.07 Present Actual Knowledge. The term "present actual knowledge" shall mean the present actual knowledge of Seller's Managers, William D. McCullough and Mitchell Henderson, as of the date of this Agreement without any duty of investigation or inquiry of any kind or nature whatsoever and without the attribution of the knowledge of any other person, including any agents, employees, consultants or contractors of Seller.
16. Buyer's Representations and Warranties. In consideration of Seller entering into this Agreement and as an inducement to Seller to sell the Property, Buyer makes the following representations and warranties, each of which is material and is being relied upon by Seller and the truth and accuracy of which shall constitute a condition precedent to Seller's obligations hereunder. Each of the following representations and warranties shall be deemed to have been remade as of the Closing.
- 16.01 Power. Buyer has the legal power, right and authority to enter into this Agreement and the instruments referenced herein, and to consummate the transaction contemplated hereby.
- 16.02 Requisite Action. All requisite action has been taken by Buyer in connection with entering into this Agreement and the instruments referenced herein, and, by the Closing, all such necessary action will have been taken to authorize the consummation of this transaction. By the Closing, no additional consent of any person or entity, judicial or administrative body, governmental authority or other party shall be required for Buyer to consummate this transaction.
- 16.03 Individual Authority. The individuals executing this Agreement and the instruments referenced herein on behalf of Buyer have the legal power, right and actual authority to bind Buyer to the terms and conditions hereof and thereof.
- 16.04 Validity. This Agreement and all documents required hereby to be executed by Buyer are and shall be valid, legally binding obligations of and enforceable against Buyer in accordance with their terms, subject only to applicable bankruptcy, insolvency, reorganization, moratorium laws or similar laws or equitable principles affecting or limiting the right of contracting parties generally.
17. Inspection of the Site.
- 17.01 Access. Seller agrees to provide Buyer and/or Buyer's employees, representatives and agents with access to the Property, upon reasonable notice, to conduct any inspections Buyer deems appropriate at any time prior to the Closing.
- 17.02 Testing. Buyer shall not engage in any destructive, intrusive, or invasive testing during any inspection of the Property, without the prior written consent of Seller, which consent shall not unreasonably be withheld.

17.03 Indemnification. Buyer hereby indemnifies and holds Seller and the Property harmless from and against any and all costs, losses, damages or expenses arising out of or resulting from such entry by Buyer pursuant to this Agreement.

18. Condition of Property. AS IS: (i) With the exception of Section 15 hereof, there are no representations or warranties of any kind whatsoever, express or implied, made by Seller in connection with this Agreement, the purchase of the Property by Buyer, the physical condition of the Property or whether the Property complies with applicable laws or is appropriate for Buyer's intended use; (ii) Buyer has (or has chosen not to have) fully investigated the Property and all matters pertaining thereto including without limitation, the environmental condition of the Property; (iii) Buyer is not relying on any statement or representation of Seller, its agents or its representatives except for the express representations and warranties set forth in Section 15 hereof; (iv) Buyer, in entering into this Agreement and in completing its purchase of the Property, is relying entirely on its own investigation of the Property (except for the express representations and warranties set forth in Section 15 hereof) and based on its extensive experience in and knowledge of real property in the areas where the Property is located; (v) Buyer is aware (or has chosen not to be aware) of all zoning regulations, other governmental requirements, site and physical conditions, and other matters affecting the use and condition of the Property; (vi) Buyer's decision to purchase the Property on the terms and conditions hereof is made solely and exclusively in reliance on Buyer's own review, inspection and investigation of the Property except for the express representations and warranties set forth in Section 15 hereof; and (vii) Buyer shall purchase the Property in its "as is" condition as of the date of the Closing Date.

EXCEPT AS EXPRESSLY PROVIDED IN SECTION 15 OF THIS AGREEMENT, BUYER AND ANYONE CLAIMING BY, THROUGH OR UNDER BUYER HEREBY FULLY AND IRREVOCABLY RELEASES SELLER, ITS PARTNERS, ITS EMPLOYEES, OFFICERS, DIRECTORS, MANAGERS, MEMBERS, REPRESENTATIVES, AGENTS, SERVANTS, ATTORNEYS, AFFILIATES, PARENT, SUBSIDIARIES, SUCCESSORS, AND ASSIGNS, AND ALL PERSONS, FIRMS, CORPORATIONS, AND ORGANIZATIONS IN ITS BEHALF FROM AND ANY AND ALL CLAIMS THAT IT MAY NOW HAVE OR HEREAFTER ACQUIRE AGAINST SELLER, ITS EMPLOYEES, OFFICERS, DIRECTORS, REPRESENTATIVES, AGENTS, SERVANTS, ATTORNEYS, AFFILIATES, PARENT, SUBSIDIARIES, SUCCESSORS, AND ASSIGNS, AND ALL PERSONS, FIRMS, CORPORATIONS, AND ORGANIZATIONS IN ITS BEHALF FOR ANY COSTS, LOSS, LIABILITY, DAMAGE, EXPENSES, DEMAND, ACTION OR CAUSE OF ACTION ARISING FROM OR RELATED TO THE PHYSICAL (INCLUDING, WITHOUT LIMITATION, CONSTRUCTION DEFECTS AND LATENT AND PATENT DEFECTS IN THE IMPROVEMENTS) AND ENVIRONMENTAL CONDITION OF THE PROPERTY. THIS RELEASE INCLUDES CLAIMS OF WHICH BUYER IS PRESENTLY UNAWARE OR WHICH BUYER DOES NOT PRESENTLY SUSPECT TO EXIST WHICH, IF KNOWN BY BUYER, WOULD MATERIALLY AFFECT BUYER'S RELEASE TO SELLER. IT IS UNDERSTOOD AND AGREED THAT THE PURCHASE PRICE HAS BEEN ADJUSTED BY PRIOR NEGOTIATION TO REFLECT THAT ALL OF THE PROPERTY IS SOLD BY SELLER AND PURCHASED BY BUYER SUBJECT TO THE FOREGOING. BUYER HEREBY ACKNOWLEDGES THAT IT UNDERSTANDS THE SIGNIFICANCE AND CONSEQUENCES OF SUCH RELEASE AND BUYER HAS HAD AN OPPORTUNITY TO BE ADVISED BY INDEPENDENT COUNSEL REGARDING THE SAME.

Buyer acknowledges that it is familiar with section 1542 of the California Civil Code, which provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor."

Buyer hereby waives and relinquishes every right or benefit which it has or may have under section 1542 of the California Civil Code, to the full extent it may lawfully waive such right or benefit with regard to the foregoing release.


Seller's Initials

Buyer's Initials

19. Indemnity. Seller shall defend, indemnify, and hold Buyer and its elected and appointed officers, agents and employees free and harmless from and against any and all liabilities, damages, claims, costs and expenses (including without limitation, attorneys' fees, legal expenses and consultants' fees) related to or arising in whole or in part from the removal, eviction, vacation, or relocation of any occupant(s) of the Property, residing thereat at any time prior to the Closing. Seller and Buyer acknowledge that Buyer is the present tenant on the Property pursuant to the Current Lease. The terms and provisions of the Current Lease, including Buyer's obligation to pay rent, shall remain in full force and effect until the Closing.
20. Survival of Covenants. The covenants, indemnities, agreements, representations and warranties made herein are intended to survive the Closing and recordation and delivery of the Grant Deed conveying the Property to Buyer for a period of one year. Any claims for breach of Seller's representations, warranties, indemnities, and covenants herein must be filed against Seller within such one-year period or shall forever be barred.
21. Required Actions of Buyer and Seller. Buyer and Seller agree to execute all such instruments and documents and to take all actions pursuant to the provisions hereof in order to consummate this transaction and shall use their best efforts to effect the Closing in accordance with the provisions hereof.
22. Assignability. Buyer may assign, transfer or convey this Agreement to any person or entity without the prior written consent of Seller; and Buyer may designate a nominee to be vestee of the Property at the Closing by delivering to Seller and Escrow Holder at least five (5) days prior to the scheduled Closing a written notice of such designation. Any such designation shall not release Buyer from its obligations hereunder.
23. Entire Agreement. This Agreement contains the entire agreement between the parties hereto and no addition or modification of any term or provision shall be effective unless set forth in writing, signed by both Seller and Buyer.
24. California Law. This Agreement shall be construed in accordance with the internal laws of the State of California.

25. Waivers. No waiver by either party of any provision hereof shall be deemed a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provision.
26. Captions. The captions and the section and subsection numbers appearing in this Agreement are inserted only as a matter of convenience and in no way define, limit, construe or describe the scope or intent of such sections of this Agreement nor in any way affect this Agreement.
27. Interpretation. Unless the context of this Agreement clearly requires otherwise, (i) the plural and singular numbers shall be deemed to include the other; (ii) the masculine, feminine and neuter genders shall be deemed to include the others; (iii) "or" is not exclusive; and (iv) "includes" and "including" are not limiting.
28. Severability. This Agreement shall not be deemed severable. In the event any portion of this Agreement shall be declared by any court of competent jurisdiction to be invalid, illegal or unenforceable, this Agreement shall be void and of no further effect.
29. Delegation of Authority. Buyer hereby delegates to its Chief Administrative Officer or his designee, the authority to issue any and all approvals required by this Agreement and to execute any and all instruments necessary to consummate this transaction.
30. Binding Effect. The provisions of this Agreement shall be binding upon the parties hereto and their respective successors-in-interest.
31. No Presumption Re: Drafter. The parties acknowledge and agree that the terms and provisions of this Agreement have been negotiated and discussed between the parties and their attorneys, and this Agreement reflects their mutual agreement regarding the same. Because of the nature of such negotiations and discussions, it would be inappropriate to deem any party to be the drafter of this Agreement, and therefore, no presumption for or against validity or as to any interpretation hereof, based upon the identity of the drafter shall be applicable in interpreting or enforcing this Agreement.
32. Assistance of Counsel. Each party hereto either had the assistance of counsel or had counsel available to it, in the negotiation for, and the execution of, this Agreement, and all related documents.
33. Eminent Domain. Seller and Buyer acknowledge that this is a negotiated settlement in lieu of eminent domain proceedings and Seller thereby waives, effective upon close of escrow, any claims for compensation and/or benefits it might otherwise be entitled to pursuant to eminent domain law, and the Relocation Assistance Act of the State of California, as well as any claims for inverse condemnation. Buyer represents and warrants that Buyer has the power and authority to condemn the Property. In the event the Contingencies to close of escrow do not occur, Buyer may upon termination of this Agreement proceed at its option to institute eminent domain proceedings. The provisions of this Section shall survive the Closing.

34. Remedies. In the event of Seller's default hereunder, Buyer shall so advise Seller in writing of such default, and if such default is not cured within five (5) business days after Seller's receipt of such notice, Buyer's sole and exclusive remedies shall be to either: (i) terminate this Agreement by written notice of termination to Seller, whereupon Seller shall have no further obligations hereunder, or (ii) bring an action for specific performance of this Agreement, which action, if brought at all, must be brought (and Seller must be served with process) within ninety (90) days after the date of Buyer's notice. Notwithstanding the foregoing provisions to the contrary, in the event Buyer purchases the Property and it is determined by a court of competent jurisdiction that Seller has breached any representations, warranty described in Section 15 hereof, indemnity or covenant herein, Buyer may, subject to the time limitations in Section 20, recover actual damages from Seller in an amount not to exceed \$25,000.

/ / / / SIGNATURE PAGE FOLLOWS / / / /

IN WITNESS WHEREOF, Buyer, by order of its Board of Supervisors, has caused this Agreement to be executed on its behalf by the chairperson of said Board and the seal of the Board to be hereto affixed and attested by the Executive Office thereof, and Seller has caused this Agreement to be subscribed in its behalf by its duly authorized signatory the first day above written.

Seller:

SMLC, LLC

By: 
William D. McCullough, Manager

By:  9/19/2006
Mitchell Henderson, Manager

Buyer:

COUNTY OF LOS ANGELES

By: _____
Zev Yaroslavsky
Chairman, Board of Supervisors


ATTEST:

SACHI A. HAMAI, Executive Officer
Board of Supervisors, County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.
County Counsel

By: 
Amy M. Caves, Deputy

LIST OF EXHIBITS

- A. LEGAL DESCRIPTION
- B. PRELIMINARY TITLE REPORT
- C. GRANT DEED

EXHIBIT A
LEGAL DESCRIPTION

LEGAL DESCRIPTION

THE EASTERLY 100 FEET OF LOT 9, THE EASTERLY 100 FEET OF LOT 11, AND THE EASTERLY 100 FEET OF LOT 13 IN BLOCK "C" OF THE CLAGUE TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 6, PAGE 73 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

END OF LEGAL DESCRIPTION

EXHIBIT B

PRELIMINARY TITLE REPORT



Chicago Title Company

Commercial/Industrial Division,
700 South Flower, Suite 800 Los Angeles, CA 90017 (213) 488-4300

Title Department:

Chicago Title Company
Attn: Jeffrey L. Hurd
Email: Jeff.Hurd@CTT.com
Phone: (213) 488-4365
Fax: (213) 243-9168
Order No.: 51027093-x52

PRELIMINARY REPORT

Property Address: Vacant Land, Long Beach CA

Dated as of: August 12, 2005 at 7:30 am

CHICAGO TITLE INSURANCE COMPANY hereby reports that it is prepared to issue, or cause to be issued, as of the date hereof, a Policy or Policies of Title Insurance describing the land and the estate or interest therein hereinafter set forth, insuring against loss which may be sustained by reason of any defect, lien or encumbrance not shown or referred to as an Exception in Schedule B or not excluded from coverage pursuant to the printed Schedules, Conditions and Stipulations of said Policy forms.

The printed Exceptions and Exclusion from the coverage of said Policy or Policies are set forth in the attached list. Copies of the Policy forms are available upon request.

Please read the exceptions shown or referred to in Schedule B and the exceptions and exclusions set forth in the attached list of this report carefully. The exceptions and exclusions are meant to provide you with notice of matters which are not covered under the terms of the title insurance policy and should be carefully considered. It is important to note that this preliminary report is not a written representation as to the condition of title and may not list all liens, defects, and encumbrances affecting title to the land.

THIS REPORT (AND ANY SUPPLEMENTS OR AMENDMENTS HERETO) IS ISSUED SOLELY FOR THE PURPOSE OF FACILITATING THE ISSUANCE OF A POLICY OF TITLE INSURANCE AND NO LIABILITY IS ASSUMED HEREBY. IF IT IS DESIRED THAT LIABILITY BE ASSUMED PRIOR TO THE ISSUANCE OF A POLICY OF TITLE INSURANCE, A BINDER OR COMMITMENT SHOULD BE REQUESTED.

SCHEDULE A

1. The estate or interest in the land hereinafter described or referred to covered by this report is:

A Fee

2. Title to said estate or interest at the date hereof is vested in:

SMLC, LLC, a California limited liability company

3. The land referred to in this report is situated in the State of California, County of Los Angeles and is described in the Legal Description, attached hereto:

END OF SCHEDULE A

LEGAL DESCRIPTION

THE EASTERLY 100 FEET OF LOT 9, THE EASTERLY 100 FEET OF LOT 11, AND THE EASTERLY 100 FEET OF LOT 13 IN BLOCK "C" OF THE CLAGUE TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 6, PAGE 73 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

END OF LEGAL DESCRIPTION

SCHEDULE B

At the date hereof exceptions to coverage in addition to the printed Exceptions and Exclusions in the policy form designated on the face page of this Report would be as follows:

- A. Property taxes, including any assessments collected with taxes, for the fiscal year 2005 - 2006 that are a lien not yet due.

- B. Property taxes, for the fiscal year 2004 - 2005 are paid. For proration purposes the amounts are:

1st Installment: \$174.01 Paid
 2nd Installment: \$174.00 Paid
 Code Area: 0011934

Assessors Parcel Number: 7209-014-012

Affects: That portion of Lot 9

- C. Property taxes, for the fiscal year 2004 - 2005 are paid. For proration purposes the amounts are:

1st Installment: \$94.58 Paid
 2nd Installment: \$94.56 Paid
 Code Area: 0011934

Assessors Parcel Number: 7209-014-016

Affects: That portion of Lot 11

- D. Property taxes, for the fiscal year 2004 - 2005 are paid. For proration purposes the amounts are:

1st Installment: \$139.32 Paid
 2nd Installment: \$139.31 Paid
 Code Area: 0011934

Assessors Parcel Number: 7209-014-018

Affects: That portion of Lot 13

- E. The lien of supplemental or escaped assessments of property taxes, if any, made pursuant to the provisions of Part 0.5, Chapter 3.5 or Part 2, Chapter 3, Articles 3 and 4 respectively (commencing with Section 75) of the Revenue and Taxation Code of the State of California as a result of the transfer of title to the vestee named in Schedule A; or as a result of changes in ownership or new construction occurring prior to date of policy.

1. Water rights, claims or title to water, whether or not disclosed by the public records.

SCHEDULE B
(continued)

2. Matters which may be disclosed by an inspection and/or by a correct ALTA/ACSM Land Title Survey of said land that is satisfactory to this Company, and/or by inquiry of the parties in possession thereof.

This office must be notified at least 7 business days prior to the scheduled closing in order to arrange for an inspection of the land; upon completion of this inspection you will be notified of the removal of specific coverage exceptions and/or additional exceptions to coverage.

3. Any rights of parties in possession of said land, based on any unrecorded lease, or leases.

This Company will require a full copy of any unrecorded lease, together with all supplements, assignments, and amendments for review.

4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:

(a) The transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or

(b) The transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:

(i) To timely record the instrument of transfer; or

(ii) Of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

5. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:

(a) The transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or

(b) The subordination of the interest of the insured mortgagee as a result of the application of the doctrine of equitable subordination; or

(c) The transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:

(i) To timely record the instrument of transfer; or

(ii) Of such recordation to impart notice to a purchaser for value or a judgment or lien creditor.

END OF SCHEDULE B

INFORMATIONAL NOTES

Note No. 1: Section 12413.1, California Insurance Code became effective January 1, 1990. This legislation regulates the disbursement of funds deposited with any title entity acting in an escrow or sub-escrow capacity. The law requires that all funds be deposited and collected by the title entity's escrow and/or sub-escrow account prior to disbursement of any funds. Some methods of funding may be subject to a holding period, which must expire before any funds may be disbursed. In order to avoid any such delays, all funding should be done via wire transfer. Funds deposited with the Company via wire transfer may be disbursed upon receipt. Funds deposited by cashiers checks, certified checks, and teller's checks is one business day after the day deposited. Other checks may require hold periods from two to five business days after the day deposited, and may delay your closing. The Company may receive benefits from such banks based upon the balances in such accounts. Such benefits will be retained by the Company as part of its compensation for handling such funds.

Note No. 2: The charge where an order is cancelled after the issuance of the report of title, will be that amount which in the opinion of the Company is proper compensation for the services rendered or the purpose for which the report is used, but in no event shall said charge be less than the minimum amount required under Section 12404.1 of the Insurance Code of the State of California. If the report cannot be cancelled "no fee" pursuant to the provisions of said Insurance Code, then the minimum cancellation fee shall be that permitted by law.

Note No. 3: California Revenue and Taxation Code Section 18668, effective January 1, 1991, requires that the buyer in all sales of California Real Estate, withhold 3-1/3% of the total sales price as California State Income Tax, subject to the various provisions of the law as therein contained, and as amended.

Note No. 4: Wire Transfers

In the event your transaction is being escrowed by a Chicago Title office, contact should be made with the office to obtain correct wiring instructions. Failure to do so could result in a delay in the receipt of funds and subsequent closing of your transaction.

Chicago Title will disburse by wire-out only collected funds or funds received by confirmed wire-in.

The Company's wire-in instructions are:

Bank:	Bank of America 1850 Gateway Blvd. Concord, CA 94520
Bank ABA No.:	121000358
Account Name:	Chicago Title Company, Broadway Plaza Office
Account No.:	12351-50737
For Credit To:	Chicago Title Company 700 South Flower, Suite 800 Los Angeles, CA 90017
Order No.:	51027093-x52

INFORMATIONAL NOTES

(continued)

Note No. 5: Your application for title insurance was placed by reference to a street address or assessor's parcel number. Based upon our records, we believe that the description in this report covers the parcel that you requested.

To prevent errors, we require written confirmation that the legal description contained herein covers the parcel that you requested.

Note No. 6: The plat, (map), which is attached to this report, is to assist you in locating land with reference to streets and other parcels. While this plat is believed to be correct, the Company assumes no liability for any loss occurring by reason of reliance thereon.

Note No. 7: This Company will require for review the following documents from the following Limited Liability Company: SMLC, LLC

- A. A copy of its Operating Agreement and any and all amendments, supplements and/or modifications thereto, certified by the appropriate manager.
- B. Confirmation that its Articles of Organization (LLC-1), and Certificate of Amendment (LLC-2), any restated Articles of Organization (LLC-10) and/or any Certificate of Correction (LLC-11) have been filed with the Secretary of State.
- C. If the Limited Liability Company is member-managed a full and complete list of members certified by the appropriate manager.
- D. If the Limited Liability Company was formed in a foreign jurisdiction, evidence, satisfactory to the Company, that it was validly formed, is in good standing and authorized to do business in the state of origin.
- E. If the Limited Liability Company was formed in a foreign jurisdiction, evidence satisfactory to the Company, that it has complied with California "doing business" laws, if applicable.

SEE EXCLUSIONS FROM COVERAGE

PRIVACY STATEMENT

IMPORTANT INFORMATION:

For those of you receiving this report by electronic delivery the Privacy Statement and Exclusions From Coverage are linked to this report. Please review this information by selecting the link. For those of you who are receiving a hard copy of this report, a copy of this information has been submitted for your review.

INFORMATIONAL NOTES
(continued)

NOTICE

You may be entitled to receive a \$20.00 discount on escrow services if you purchased, sold or refinanced residential property in California between May 19, 1995 and November 1, 2002. If you had more than one qualifying transaction, you may be entitled to multiple discounts.

If your previous transaction involved the same property that is the subject of your current transaction, you do not have to do anything; the Company will provide the discount, provided you are paying for escrow or title services in this transaction.

If your previous transaction involved property different from the property that is subject of your current transaction, you must inform the Company of the earlier transaction, provide the address of the property involved in the previous transaction, and the date or approximate date that the escrow closed to be eligible for the discount.

Unless you inform the Company of the prior transaction on property that is not the subject of this transaction, the Company has no obligation to conduct an investigation to determine if you qualify for a discount. If you provide the Company information concerning a prior transaction, the Company is required to determine if you qualify for a discount.

Effective through November 1, 2014

CHICAGO TITLE INSURANCE COMPANY
Fidelity National Financial Group of Companies' Privacy Statement
July 1, 2001

We recognize and respect the privacy of today's consumers and the requirements of applicable federal and state privacy laws. We believe that making you aware of how we use your non-public personal information ("Personal Information"), and to whom it is disclosed, will form the basis for a relationship of trust between us and the public that we serve. This Privacy Statement provides that explanation. We reserve the right to change this Privacy Statement from time to time consistent with applicable privacy laws.

In the course of our business, we may collect Personal Information about you from the following sources:

- From applications or other forms we receive from you or your authorized representative;
- From your transactions with, or from the services being performed by, us, our affiliates or others;
- From our Internet web sites;
- From the public records maintained by government entities that we wither obtain directly from those entities, or from our affiliates or others; and
- From consumer or other reporting agencies

Our Policies Regarding The Protection Of The Confidentiality And Security Of Your Personal Information

We maintain physical, electronic and procedural safeguards to protect your Personal Information from unauthorized access or intrusion. We limit access to the Personal Information only to those employees who need such access in connection with providing products or services to you or for other legitimate business purposes.

Our Policies and Practices Regarding the Sharing of Your Personal Information

We may share your Personal Information with our affiliates, such as insurance companies, agents, and other real estate settlement service providers. We may also disclose your Personal Information.

- To agents, brokers or representatives to provide you with services you have requested
- To third-party contractors or service providers who provide services or perform marketing or other functions on our behalf; and
- To others with whom we enter into joint marketing agreements for products or services that we believe you may find of interest.

In addition, we will disclose your Personal Information when your direct or give us permission, when we are required by law to do so, or when we suspect fraudulent or criminal activities. We also may disclose your Personal Information when otherwise permitted by applicable law such as, for example, when disclosure is needed to enforce our rights arising out of any agreement, transaction or relationship with you.

One of the important responsibilities of some of our affiliated companies is to record documents in the public domain. Such documents may contain your Personal Information.

Right To Access Your Personal Information And Ability To Correct Errors Or Request Change Or Deletion

Certain states afford you the right to access your Personal Information and, under certain circumstances, to find out to whom your Personal Information has been disclosed. Also, certain states afford you the right to request correction, amendment or deletion of your Personal Information. We reserve the right, where permitted by law, to charge a reasonable fee to cover the costs incurred in responding to such requests.

All requests must be made in writing to the following address:

Privacy Compliance Officer
Fidelity National Financial, Inc.
4050 Calle Real, Suite 220
Santa Barbara, Ca. 93110

Multiple Products or Services:

If we provide you with more than one financial product or service, you may receive more that one privacy notice from us. We apologize for any inconvenience this may cause you.

CLTA PRELIMINARY REPORT FORM

Exhibit A (Rev. 01/04/02)

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building or zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien, or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) whether or not recorded in the public records at Date of Policy, but created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage or for the estate or interest insured by this policy.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with the applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any claim, which arises out of the transaction vesting in the insured the estate of interest insured by this policy or the transaction creating the interest of the insured lender, by reason of the operation of federal bankruptcy, state insolvency or similar creditors' rights laws.

CALIFORNIA LAND TITLE ASSOCIATION STANDARD COVERAGE POLICY - 1990

(Continued)

EXCEPTIONS FROM COVERAGE - SCHEDULE B, PART I

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests, or claims which are not shown by the public records but which could be ascertained by an inspection of the land which may be asserted by persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

CLTA HOMEOWNER'S POLICY OF TITLE INSURANCE (6/2/98)

ALTA HOMEOWNER'S POLICY OF TITLE INSURANCE (10/17/98)

EXCLUSIONS

In addition to the Exceptions in Schedule B, You are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes ordinances, laws and regulations concerning:
 - a. Building
 - b. Zoning
 - c. Land use
 - d. Improvements on Land
 - e. Land division
 - f. Environmental protection

This Exclusion does not apply to violations or the enforcement of these matters if notice of the violation or enforcement appears in the Public Records at the Policy Date.

This Exclusion does not limit the coverage described in Covered Risk 14, 15, 16, 17, or 24.

2. The failure of Your existing structures, or any part of them, to be constructed in accordance with applicable building codes. This Exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at the Policy Date.
3. The right to take the Land by condemning it, unless:
 - a. notice of exercising the right appears in the Public Records at the Policy Date; or
 - b. the taking happened before the Policy Date and is binding on You if You bought the Land without Knowing of the taking.
4. Risks:
 - a. that are created, allowed, or agreed to by You, whether or not they appear in the Public Records;
 - b. that are Known to You at the Policy Date, but not to Us, unless they appear in the Public Records at the Policy Date;
 - c. that result in no loss to You; or
 - d. that first occur after the Policy Date - this does not limit the coverage described in Covered Risk 7, 8.d, 22, 23, 24 or 25.
5. Failure to pay value for Your Title.
6. Lack of a right:
 - a. to any Land outside the area specifically described and referred to in paragraph 3 of Schedule A; and
 - b. in streets, alleys, or waterways that touch the Land.

This Exclusion does not limit the coverage described in Covered Risk 11 or 18.

AMERICAN LAND TITLE ASSOCIATION RESIDENTIAL TITLE INSURANCE POLICY (6-1-87)

EXCLUSIONS

In addition to the Exceptions in Schedule B, you are not insured against loss, costs, attorneys' fees, and expenses resulting from:

1. Governmental police power, and the existence or violation of any law or government regulation. This includes building and zoning ordinances and also laws and regulations concerning:

- * land use
- * improvements on the land
- * land division
- * environmental protection

This exclusion does not apply to violations or the enforcement of these matters which appear in the public records at Policy Date.

This exclusion does not limit the zoning coverage described in Items 12 and 13 of Covered Title Risks.

2. The right to take the land by condemning it, unless:

- * a notice of exercising the right appears in the public records
- * on the Policy Date
- * the taking happened prior to the Policy Date and is binding on you if you bought the land without knowing of the taking

3. Title Risks:

- * that are created, allowed, or agreed to by you
- * that are known to you, but not to us, on the Policy Date -- unless they appeared in the public records
- * that result in no loss to you
- * that first affect your title after the Policy Date -- this does not limit the labor and material lien coverage in Item 8 of Covered Title Risks

4. Failure to pay value for your title.

5. Lack of a right:

- * to any land outside the area specifically described and referred to in Item 3 of Schedule A
- OR
- * in streets, alleys, or waterways that touch your land

This exclusion does not limit the access coverage in Item 5 of Covered Title Risks.

AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE
and
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Any statutory lien for services, labor or materials (or the claim of priority of any statutory lien for services, labor or materials over the lien of the insured mortgage) arising from an improvement or work related to the land which is contracted for and commenced subsequent to Date of Policy and is not financed in whole or in part by proceeds of the indebtedness secured by the insured mortgage which at Date of Policy the insured has advanced or is obligated to advance.

AMERICAN LAND TITLE ASSOCIATION LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE
and
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD LOAN POLICY (10-17-92)
WITH ALTA ENDORSEMENT-FORM 1 COVERAGE

(Continued)

7. Any claim, which arises out of the transaction creating the interest of the mortgagee insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
- (i) the transaction creating the interest of the insured mortgagee being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the subordination of the interest of the insured mortgagee as a result of the application of the doctrine or equitable subordination; or
 - (iii) the transaction creating the interest of the insured mortgagee being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage policy will also include the following General Exceptions:

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy (except to the extent that this policy insures the priority of the lien of the insured mortgage over any statutory lien for services, labor or material or to the extent insurance is afforded herein as to assessments for street improvements under construction or completed at Date of Policy); or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the insured mortgage.
4. Unenforceability of the lien of the insured mortgage because of the inability or failure of the insured at Date of Policy, or the inability or failure of any subsequent owner of the indebtedness, to comply with applicable doing business laws of the state in which the land is situated.
5. Invalidity or unenforceability of the lien of the insured mortgage, or claim thereof, which arises out of the transaction evidenced by the insured mortgage and is based upon usury or any consumer credit protection or truth in lending law.
6. Real property taxes or assessments of any governmental authority which become a lien on the Land subsequent to Date of Policy. This exclusion does not limit the coverage provided under Covered Risks 7, 8(e) and 26.
7. Any claim of invalidity, unenforceability or lack of priority of the lien of the Insured Mortgage as to advances or modifications made after the insured has knowledge that the vestee shown in Schedule A is no longer the owner of the estate or interest covered by this policy. This exclusion does not limit the coverage provided in Covered Risk 8.

ALTA EXPANDED COVERAGE RESIDENTIAL LOAN POLICY (10/13/01)

(Continued)

8. Lack of priority of the lien of the insured Mortgage as to each and every advance made after Date of Policy, and all interest charged thereon, over liens, encumbrances and other matters affecting the title, the existence of which are known to the insured at:
 - (a) The time of the advance; or
 - (b) The time a modification is made to the terms of the Insured Mortgage which changes the rate of interest charged, if the rate of interest is greater as a result of the modification than it would have been before the modification. This exclusion does not limit the coverage provided in Covered Risk8.
9. The failure of the residential structure, or any portion thereof to have been constructed before, on or after Date of Policy in accordance with applicable building codes. This exclusion does not apply to violations of building codes if notice of the violation appears in the Public Records at Date of Policy.

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
and
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)

EXCLUSIONS FROM COVERAGE

The following matters are expressly excluded from the coverage of this policy and the Company will not pay loss or damage, costs, attorneys' fees or expenses which arise by reason of:

1. (a) Any law, ordinance or governmental regulation (including but not limited to building and zoning laws, ordinances, or regulations) restricting, regulating, prohibiting or relating to (i) the occupancy, use, or enjoyment of the land; (ii) the character, dimensions or location of any improvement now or hereafter erected on the land; (iii) a separation in ownership or a change in the dimensions or area of the land or any parcel of which the land is or was a part; or (iv) environmental protection, or the effect of any violation of these laws, ordinances or governmental regulations, except to the extent that a notice of the enforcement thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.

(b) Any governmental police power not excluded by (a) above, except to the extent that a notice of the exercise thereof or a notice of a defect, lien or encumbrance resulting from a violation or alleged violation affecting the land has been recorded in the public records at Date of Policy.
2. Rights of eminent domain unless notice of the exercise thereof has been recorded in the public records at Date of Policy, but not excluding from coverage any taking which has occurred prior to Date of Policy which would be binding on the rights of a purchaser for value without knowledge.
3. Defects, liens, encumbrances, adverse claims or other matters:
 - (a) created, suffered, assumed or agreed to by the insured claimant;
 - (b) not known to the Company, not recorded in the public records at Date of Policy, but known to the insured claimant and not disclosed in writing to the Company by the insured claimant prior to the date the insured claimant became an insured under this policy;
 - (c) resulting in no loss or damage to the insured claimant;
 - (d) attaching or created subsequent to Date of Policy; or
 - (e) resulting in loss or damage which would not have been sustained if the insured claimant had paid value for the estate or interest insured by this policy.
4. Any claim, which arises out of the transaction vesting in the insured the estate or interest insured by this policy, by reason of the operation of federal bankruptcy, state insolvency, or similar creditors' rights laws, that is based on:
 - (i) the transaction creating the estate or interest insured by this policy being deemed a fraudulent conveyance or fraudulent transfer; or
 - (ii) the transaction creating the estate or interest insured by this policy being deemed a preferential transfer except where the preferential transfer results from the failure:
 - (a) to timely record the instrument of transfer; or
 - (b) of such recordation to impart notice to a purchaser for value or a judgement or lien creditor.

The above policy forms may be issued to afford either Standard Coverage or Extended Coverage. In addition to the above Exclusions from Coverage, the Exceptions from Coverage in a Standard Coverage Policy will also include the following General Instructions:

AMERICAN LAND TITLE ASSOCIATION OWNER'S POLICY (10-17-92)
and
AMERICAN LAND TITLE ASSOCIATION LEASEHOLD OWNER'S POLICY (10-17-92)

(Continued)

EXCEPTIONS FROM COVERAGE

This policy does not insure against loss or damage (and the Company will not pay costs, attorneys' fees or expenses) which arise by reason of:

1. Taxes or assessments which are not shown as existing liens by the records of any taxing authority that levies taxes or assessments on real property or by the public records.

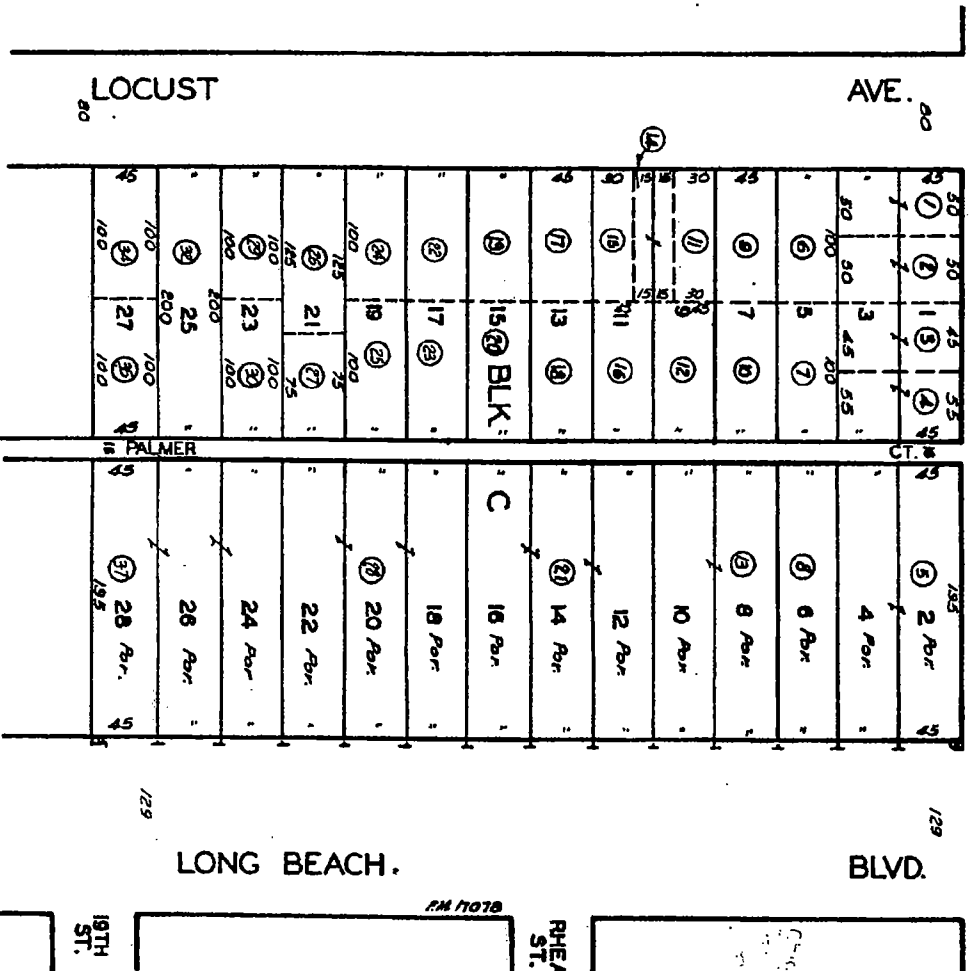
Proceedings by a public agency which may result in taxes or assessments, or notices of such proceedings, whether or not shown by the records of such agency or by the public records.

2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the land or by making inquiry of persons in possession thereof.
3. Easements, liens or encumbrances, or claims thereof, which are not shown by the public records.
4. Discrepancies, conflicts in boundary lines, shortage in area, encroachments, or any other facts which a correct survey would disclose, and which are not shown by the public records.
5. (a) Unpatented mining claims; (b) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (c) water rights, claims or title to water, whether or not the matters excepted under (a), (b) or (c) are shown by the public records.

7209 14
SCALE 1" = 80'

8-22-65 REVISED

20TH ST. 9



CODE
5501

FOR PREV. ASMT. SEE: 187-24 & 25

CLAGUE TRACT
M. B. 6-73

Chicago Title Ins. Co.
This is for your aid in locating your land with reference
to the map and other records of the City of Chicago. It is
not a warranty of the accuracy of the information shown
herein. The Company assumes no liability for any loss
or damage by reason of the use of this map.

EXHIBIT C
GRANT DEED

RECORDING REQUESTED BY & MAIL TO

County of Los Angeles
Chief Administrative Office
Real Estate Division
222 South Hill Street, Third Floor
Los Angeles, CA 90012
Attn: Carlos Brea

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Space above this line for Recorder's use

THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE GOVERNMENT CODE

THIS DOCUMENT IS EXEMPT FROM DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11922 OF THE REVENUE AND TAXATION CODE

TAX PARCELS: 7209-014-012, 7209-014-016 and 7209-014-018

GRANT DEED

For valuable consideration, receipt of which is hereby acknowledged,

SMLC, LLC

does hereby **GRANT** to:

COUNTY OF LOS ANGELES, a body corporate and politic

All of its right, title and interest in the following described real property situated in the County of Los Angeles, State of California:

THE EASTERLY 100 FEET OF LOT 9, THE EASTERLY 100 FEET OF LOT 11, AND THE EASTERLY 100 FEET OF LOT 13 IN BLOCK "C" OF THE CLAGUE TRACT, IN THE CITY OF LONG BEACH, COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, AS PER MAP RECORDED IN BOOK 6, PAGE 73 OF MAPS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY.

Dated _____

STATE OF CALIFORNIA }
 } ss.
COUNTY OF _____ }

By _____
William D. McCullough

By _____
Mitchell Henderson

On _____ before me, _____, Notary Public, personally appeared _____ personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me the he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their authorized signature(s) on the instrument the person(s) or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

(this area for official notarial seal)